

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**SB 2129 – HB 2309**

January 17, 2012

**SUMMARY OF BILL:** Effective July 1, 2012, creates the Tennessee Works Act of 2012, to provide job training, attract new business, assist in business expansion and retrain existing businesses in Tennessee. Requires the Department of Labor and Workforce Development (LWD) to administer the program and establishes a grant review committee to make recommendations concerning the awarding of grants. Requires the grant review committee to meet at least once per year as determined by the Commissioner of LWD. Requires grant review committee members be reimbursed for travel expenses. Grant recipients shall match at least one dollar for every one dollar received through a grant award. Establishes criteria for grant consideration. Creates the Training Fund to be used for job training purposes beginning January 1, 2013. Authorizes up to ten percent of the Training Fund to be used for administrative expenditures. The remaining balance of the Training Fund shall carry forward in subsequent fiscal years.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures – \$1,600,000/Training Fund**

**Other Fiscal Impact – An annual appropriation of state funds equal to \$1,600,000 to the Training Fund would be required for adequate administration of the proposed program.**

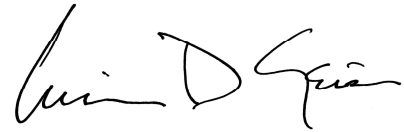
**Assumptions:**

- According to LWD, a similar program, the Incumbent Worker Training Program, was successfully administered with \$1,900,000 in funding in FY10-11 which awarded 86 grants and trained 4,351 workers.
- According to LWD, successful implementation of the Tennessee Works Act will require a minimum of \$1,300,000 to \$1,900,000.
- Based on information provided by LWD, an annual appropriation of state funds to the Training Fund equal to \$1,600,000  $[(\$1,300,000 + \$1,900,000) / 2]$  will be required for adequate administration of the program.
- Up to 10 percent of the annual appropriation, or \$160,000, may be used for administration of the program and travel expenditures for committee members. The remaining \$1,440,000 each year will be used to issue grants or will remain in the Training Fund for grants in future years.

- Based on an appropriation of \$1,600,000, two additional positions will be needed to administer the program. An increase in state expenditures from the Training Fund of \$139,032 for one Grant Program Manager (\$47,163 salary + \$12,971 benefits), one Administrative Services Assistant (\$31,048 salary + \$10,550 benefits) and \$37,300 for travel, office supplies, and other administrative expenditures.
- Committee members will be reimbursed for travel expenditures. Annual travel expenditures for committee members will be \$5,959 (\$1,963 mileage + \$2,808 Hotel + \$1,188 meals).
- According to the Department of Economic and Community Development and the Tennessee Board of Regents, any additional expenditures associated with the administration of the program can be accommodated within existing resources without an increased appropriation or reduced reversion.

### **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read 'Lucian D. Geise', written in a cursive style.

Lucian D. Geise, Executive Director

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